

**IN ARBITRATION  
UNDER CHAPTER XVIII OF THE RULES  
OF THE CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED**

_____	)	
IN THE MATTER OF	)	
	)	
Customer,*	)	
	)	
Claimants,	)	DECISION
	)	
v.	)	File No. 99NM006
	)	
Legg Mason Wood Walker, Inc.	)	
and Edwin D. Handley, Jr.,	)	
	)	
Respondents.	)	
_____	)	

**Representation**

For Claimant(s):       Pro se  
For Respondent(s):     Dana N. Pescosolido, Saul, Ewing, Weinberg & Green, Baltimore, MD

**Pleadings**

Statement of Claim and Submission Agreement, filed on or about:	April 9, 1999
Answer and Submission Agreements, filed on or about:	May 19, 1999
Claimants' Letter amending Statement of Claim, filed on or about:	September 15, 1999

**Hearing**

In their Statement of Claim, Claimants requested that the issues be resolved on the record, without a hearing. However, in their Answer, Respondents exercised their right to a hearing under Chicago Board Options Exchange ("Exchange") Rule 18.5. The named parties appeared at the hearing specified below, and had full opportunity to present arguments and evidence.

Date(s):	September 21 and 22, 1999
No. of Hearing Sessions:	4
Location:	Arlington, Virginia
Telephonic Pre-Hearing:	September 7, 1999

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\* Claimant requests confidentiality pursuant to CBOE Rule 18.31.

### **Summary of Issues**

Claimants, as trustees of the Claimant's Corporation Retirement Trust, filed a claim against Legg Mason Wood Walker, Inc. and Edwin D. Handley, Jr. ("Respondents") regarding a dispute involving covered put and call transactions, as well as the management of equity positions. Claimants charge Respondents with failure "to monitor" their account and maintain that there was "gross mismanagement" of their account from March 1998 to January 15, 1999. Claimants also assert that Respondent Handley entered into unauthorized trades and displayed "poor exercise of his responsibilities as a registered broker" in that he was not sufficiently attentive or competent. Having "trusted him to do better" than they as trustees could, Claimants contend Respondents' conduct "caused to be eliminated any profit which could have been realized..."

In support of their allegations, Claimants cite a series of option and stock transactions, which they claim were mishandled by Respondent and for which they seek monetary compensation. Claimants request an award against Respondent in the amount of \$43,544.00 for realized losses and unrealized profits. In addition, at the hearing, Claimants asked that Respondent Handley be suitably censured for his conduct and lack of truthfulness.

Respondents denied all allegation of wrongdoing and request that the claims be dismissed in their entirety.

### **Award\***

After due deliberation and consideration of the hearing testimony, documentary evidence, and other submissions of the parties, the undersigned arbitrators, in full and final resolution of the matter in controversy, award as follows:

Upon our analysis of the record in this proceeding, the panel concludes that the quality and weight of the evidence Claimants presented on all of the issues falls short of that we deem sufficient to warrant an award of any of the relief they have sought. Accordingly, since no damages were proven, there is no basis for award.

The claim is denied in all respects.

### **Forum Fees**

Pursuant to Exchange Rule 18.33, the Arbitrators assess forum fees in the total amount of \$2,020 (\$120 filing fee + \$300 pre-hearing fee + \$1,600 hearing session fees (4 x \$400)) as follows:

1. Responsibility for the forum fees is assessed equally between the parties.
2. Respondents are liable for and shall pay \$1,010 to the Exchange.
3. The Exchange shall retain the non-refundable filing fee in the amount of \$120 and the hearing session deposit in the amount of \$400 previously submitted by Claimants.

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\* Pursuant to CBOE Rule 18.31, all monetary awards shall be paid within thirty (30) days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction.

4. Claimants are liable for and shall pay \$490 to the Exchange.

/s/ Edward Reidy  
Edward Reidy, Chair and Public Arbitrator

October 20, 1999  
Date

/s/ Charles B. Cox, III  
Charles B. Cox, III, Industry Arbitrator

10/27/99  
Date

/s/ Gerson B. Kramer  
Gerson B. Kramer, Public Arbitrator

October 26, 1999  
Date